

COUNCIL ON HOUSING  
Public Session  
The Duncan Center  
Dover, Delaware  
February 13, 2008

**ACTION ITEMS**

- **Interfaith Community Housing of Delaware, Inc. Southbridge Homeownership Funding Request**

On February 13, 2008 Roseann Harkins, Chairperson, called to order the Public Session of the Council on Housing at 2:15 p.m. In addition to Ms. Harkins, the following Council members were present:

Hugh Leahy  
Connie Louder  
Joseph McDonough  
Ruth Sokolowski

The following Council members were absent and excused from the meeting:

Connie McCarthy  
John Walker  
Vincent White  
Norma Zumsteg

The following persons also attended the meeting:

Thomas McGonigle, Esq., Wolf Block Schorr & Solis-Cohen LLP  
Saundra Johnson, Director, DSHA  
Tim McLaughlin, Deputy Director, DSHA  
Jerry Jones, Housing Finance/Development Administrator, DSHA  
Calvin Bonniwell, Housing Project/Loan Manager, DSHA  
Lynda Blythe, Administrative Specialist III, DSHA

Guests present:

Sandy Spence, Sussex County Habitat for Humanity  
Gina Miserendino, Delaware Housing Coalition  
Gary Pollio, Interfaith Community Housing of Delaware, Inc.

## APPROVAL OF MINUTES

A motion was made by Mr. McDonough to approve the Public Minutes of January 16, 2008, as amended. Seconded by Ms. Sokolowski, the motion passed.

## HDF STATEMENT

Mr. Jones reviewed the attached HDF statement noting there are no changes from last month. Mr. Jones reminded Council it had approved Huling Cove funding in January; however, because the funds came from the Preservation Fund this project would not appear on the HDF statement. The Council today would be presented the Interfaith - Southbridge funding request.

Mr. Leahy inquired about item #122, Marcella's House, as to when it would be presented. Mr. Jones stated the paperwork is still being prepared but it should be presented to Council in the next couple of months.

## INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. - SOUTHBRIDGE HOMEOWNERSHIP GRANT REQUEST

Ms. Harkins requested a report of the Loan Committee by Mr. McDonough who stated the Committee had no negative comments or suggestion that there was any problem with the request.

Using the attached handout, Mr. Jones reviewed the funding request:

- Site work had begun on the 15 lots owned by and being redeveloped by Interfaith comprising approximately 1-1/2 blocks.
- Project comprised of two-phases replacing old rowhouses with new ones.
- First phase is eight houses; second will be seven.
- Funding requested at this meeting is for \$240,000 for the first phase.
- Funding to be used for gap financing at \$30,000 per house.
- Average selling cost of homes will be \$129,900 dependent upon buyer's income.
- Current area renters to be offered homeownership opportunity.
- Site is part of the Wilmington Vacant Lot Strategy in a high rent area.
- Goal is to have more homeowners than renters.
- All homebuyers will receive counseling provided by Interfaith, Neighborhood House, Inc. and Delaware Federation of Housing Counselors.
- Homes are all three-bedroom units with 1-1/2 baths with low-energy efficient windows, energy efficient refrigerator, stove, dishwasher, washer and dryer, electric heat pump, bamboo laminate floor on the first floor, carpeting on second floor, 10'x18' decks on back, brick on front and sides and vinyl siding on back.
- Request is for only 14% of the financing.

Mr. Jones commended Interfaith on their good job of obtaining funding for the project from several lenders, i.e. Federal Home Loan Bank at \$100,000; NCALL assisting in construction funding at an interest rate of 7.34%; JPMorgan Chase Foundation is providing a \$130,000 grant for construction costs spread over both phases; the City of Wilmington is providing \$500,000 spread out between all units at \$33,333 each; and, NeighborWorks America providing a \$40,000 grant for construction costs.

Mr. Jones also reviewed projects of the past year by Interfaith including units in Dunleith, the Hilltop area, West Center City and Arbor Place all in the Wilmington area.

**Reviewing Sources and Uses of Funds** Mr. Jones highlighted the Deferred Developer's Fee of \$56,455 stating Interfaith is still short of those funds but would again be contacting NeighborWorks America and FHLB for assistance. Mr. Jones also noted the Developer Fee would not be paid until settlement made with the homebuyer and that buyers would be utilizing Wilmington Housing Partnership's downpayment/closing costs assistance.

Ms. Sokolowski questioned the city's vacant property strategy in that it appeared Interfaith had paid too much money for some of the properties. Mr. Pollio stated Interfaith had acquired five units from the Wilmington Housing Authority at a flat rate of \$30,000 per unit. Two additional units were purchased from private owners at a higher price but that had given Interfaith an entire block. The remaining lots were purchased from two churches in Southbridge. No homes were purchased from the City of Wilmington. Ms. Sokolowski asked how, if the City did not own any of the properties, the properties could be considered part of the vacant property strategy which did not involve city-owned parcels. Mr. Pollio responded that Southbridge is part of a targeted area of Wilmington's strategy. Ms. Sokolowski also asked if, in the light of the recent credit crunch, Interfaith was finding it difficult to qualify buyers. Mr. Pollio said the only possible problem area was with homebuyers with a low credit score. In those cases, Mr. Pollio continued, the homebuyers would be counseled in hopes of improving the scores. However, Mr. Pollio also noted there continues to be money available through many programs offered. Ms. Harkins asked what type of loans Interfaith was typically using and Mr. Pollio responded most were FHA loans.

Mr. McDonough asked if the state or county had the ability to waive transfer taxes. Mr. Pollio advised that any real estate sale or purchase involving a non-profit organization exempts both buyer and purchaser from any transfer taxes on both the county and state side.

Mr. Leahy asked what the appraisal price might be on the Southbridge homes. Mr. Pollio replied approximately \$130,000-\$135,000. Mr. Jones noted the area inhibits higher appraisals. Mr. Pollio also noted development costs, in lower-income urban renewal areas, may be from \$40,000-100,000 higher than the selling price, hence the need for government assistance.

Mr. Leahy also asked about the mechanics of the grant. Mr. Jones replied the grant would be provided to Interfaith for a two-year period for construction purposes and funds are drawn as

needed in the manner prescribed by the grant. Upon acquisition of a unit, the buyer signs a seven-year agreement with a payback provision pro-rated over 84 months. Should the property be sold within the retention period, any proceeds net of closing costs must be paid back to satisfy the \$30,000 grant unless proceeds are not available. Mr. McDonough asked if there was any help with closing costs and what the average homebuyer ordinarily would pay. Mr. Jones replied Delaware Housing Partnership, Wilmington Housing Authority and DSHA are a few of the organizations providing closing cost assistance. Mr. Pollio added if the homebuyer qualified for closing costs assistance they would likely pay a minimal amount out-of-pocket.

It is the recommendation of staff that the \$240,000 request be approved.

Resolution No. 369 was reviewed and upon motion made by Ms. Sokolowski for approval, and seconded by Mr. Leahy, the motion was approved. Ms. Louder abstained from voting due to her employment with NCALL. Mr. McDonough questioned if the vote was valid because, with Ms. Louder's abstention, a quorum would not have voted. Mr. McGonigle stated, per the Council's By-Laws, that a quorum was present; therefore, only a majority of the quorum was needed to pass a motion.

#### DIRECTOR'S REPORT

Ms. Johnson reported on:

JFC meeting -

- Held February 7, 2008.
- Ms. Harkins spoke at the meeting.
- Ms. Zumsteg and Mr. McDonough also attended.
- Attendees disappointed in lack of funds appropriated for the HDF.
- Attendees approve of work being done by DSHA.

DEMAP -

- Official announcement made of approval of over \$600,000 for the program.
- New funds estimated to assist 123 borrowers.
- Average loan is \$12,000.
- Legal and attorney fees approximate \$3,000 per loan.
- Lt. Governor's task force looking into reduction of legal fees.
- 65 loans have been closed to date.

BUDGET REQUEST -

- Original request presented to the Council a few months ago was \$13 million.
- The OMB and Governor's office has reduced the amount to \$9 million with negotiations still occurring on that amount. No date has been set for the Bond Bill meeting.

## OTHER BUSINESS

### Senate Bill 86 -

- Ms. Harkins reported the Bill, revising the Council's procedures, has been signed into law by the Governor.
- Names will be sent to the Governor for the addition of two members as soon as possible.
- Revisions take effect 30 days from date of signing.
- The Council is now required to give an annual report to the Governor, Housing Director and General Assembly.
- Empowers Council to draft and adopt its bylaws.
- New legislation (SB86) has language allowing for suspension or removal of a Council member by the Governor.
- Ms. Harkins stated, whether the two new members have been appointed or not, the quorum for Council's next meeting will be six.
- There is a prospective tenant candidate from New Castle County.
- Still looking for a Sussex County candidate.

Mr. McDonough asked if teleconferencing of Council meetings was an option. Mr. McGonigle responded, according to the By-Laws, yes. However, at this time, the Attorney General's office is reviewing teleconferencing guidelines as there are two schools of thought regarding it: (1) teleconferencing is acceptable if there is a quorum in actual attendance; and (2) a quorum can be comprised of actual and teleconferencing attendees if the phone is on speaker so the public can be in the meeting room and be able to hear and interact during the meeting and as long as the proper notice requirement has been met. Ms. Louder asked if an extension of six months to appoint the new Council members was granted. Ms. Harkins stated that request had been made in the original draft legislation but the new legislation stated 30 days. Ms. Zumsteg asked if a quorum had to be a specific number. Mr. McGonigle advised the By-Laws state a majority of the members of the Council shall constitute a quorum. Mr. McLaughlin stated he believes one of the two new members probably would be in place by the next meeting and that it would be the DSHA's staff goal to have this appointment by the Governor expedited.

Ms. Harkins asked that the Council address, at the next meeting, those provisions of the By-Laws not affected by SB86, such as the matter of a quorum among others, that need to be reviewed. Mr. McGonigle stated, at the next meeting and after proper notice, the Council must approve revision of its By-Laws according to passage of SB86. Such approval would require a 2/3 vote by the members where there is a quorum present.

Ms. Harkins also suggested that the name of the Nominating Committee be changed to Membership Committee.

## SCHEDULING OF NEXT MEETING

The next Council meeting is scheduled for Wednesday, March 12, 2008 at 2:00 p.m. at the Polytech Adult Education Conference Center, Corporate Training Room 516, Woodside, DE.

## ADJOURNMENT

Mr. Leahy made motion for adjournment. Seconded by Ms. Louder, the motion was unanimously approved and the meeting adjourned at 3:15 p.m.

Respectfully submitted,

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Lynda T. Blythe